



Maria Alarcon
Manager, Legal

April 5, 2022

Re: Updates to ICC Risk Parameter Setting and Review Policy Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)

VIA ELECTRONIC PORTAL

Mr. Christopher Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

Dear Mr. Kirkpatrick:

ICE Clear Credit LLC (“ICC”) hereby submits, pursuant to Section 5c(c)(1) of the Commodity Exchange Act (the “Act”) and Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), a self-certification of changes to the ICC Risk Parameter Setting and Review Policy. ICC is registered with the Commission as a derivatives clearing organization (“DCO”). ICC intends to implement the changes no sooner than the tenth business day following the filing of this submission with the Commission at its Washington, D.C. headquarters and with its Chicago regional office.

ICC proposes revising the Risk Parameter Setting and Review Policy, which describes the process of setting and reviewing the risk management model core parameters and the performance of sensitivity analyses related to certain parameter settings. This submission includes a description of the changes to the Risk Parameter Setting and Review Policy. Certification of the changes pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

ICC proposes to amend the “Univariate Level Parameters” subsection (Subsection 1.7.1), which describes the univariate level parameters associated with the integrated spread response model component. For single name risk factors, ICC proposes to clarify how the end-of-day (“EOD”) recovery rate is derived from quotes. The proposed changes describe how the EOD recovery rate would deviate when the single name risk factor is distressed. The proposed language further specifies the role of the established EOD recovery rate upon using the ISDA Standard Model in terms of price-to-spread mapping. Finally, ICC proposes to update the revision history to reflect the proposed changes accordingly. Overall, the proposed amendments are intended to serve as clarifications and would not change the methodology.

Core Principle Review:

ICC reviewed the DCO core principles (“Core Principles”) as set forth in the Act. During this review, ICC identified the following Core Principles as being impacted:

Financial Resources: The revisions to the Risk Parameter Setting and Review Policy are consistent with the financial resources requirements of Core Principle B and the financial resource requirements in Commission Regulation 39.33. The changes provide additional clarity in the Risk Parameter Setting and Review Policy, which strengthens ICC’s process for reviewing and setting the model core parameters and, in turn, serves to promote the soundness of ICC’s risk management model, its ability to manage risks and maintain appropriate financial resources. ICC believes that such changes would enhance ICC’s ability to manage risks and ensure that ICC continues to maintain sufficient financial resources to withstand, at a



minimum, the default of the two Clearing Participant Affiliate Groups to which it has the largest exposure in extreme but plausible market conditions.

Risk Management: The revisions to the Risk Parameter Setting and Review Policy are consistent with the risk management requirements of Core Principle D and the risk management requirements in Commission Regulation 39.36. The revisions are limited to clarification changes and would not amend the methodology. As described above, for single name risk factors, ICC proposes to clarify how the EOD recovery rate is derived from quotes. Such changes would ensure transparency and clarity in the Risk Parameter Setting and Review Policy with respect to ICC's parameter setting and calibration process to support the effectiveness of ICC's risk management system. ICC believes that such updates to the Risk Parameter Setting and Review Policy continue to ensure that ICC possesses the ability to manage the risks associated with discharging its responsibilities.

Amended Rules:

The proposed changes consist of changes to the ICC Risk Parameter Setting and Review Policy. ICC has respectfully requested confidential treatment for the ICC Risk Parameter Setting and Review Policy, which was submitted concurrently with this self-certification submission.

Certifications:

ICC hereby certifies that the changes comply with the Act and the regulations thereunder. There were no substantive opposing views to the changes.

ICC further certifies that, concurrent with this filing, a copy of the submission was posted on ICC's website, and may be accessed at: <https://www.theice.com/clear-credit/regulation>.

ICC would be pleased to respond to any questions the Commission or the staff may have regarding this submission. Please direct any questions or requests for information to the attention of the undersigned at (312) 836-6854.

Sincerely,

A handwritten signature in cursive script that reads "Maria Alarcon".

Maria Alarcon
Manager, Legal